TRINITY BROADCASTING NETWORK AND AFFILIATES
Combined Statements of Revenues, Expenses and Changes in Fund Balances

Years Ended December 31, 1990 and 1989

	1990	1989
Revenues:		
Operations	$ 3,619,558	$ 2,170,403
Contributions - Reserved and unreserved	45,139,444	35,542,524
Telecasting and production-cost sharing	11,788,212	9,036,432
Interest income	1,640,630	1,850,925
Gain on sale of assets	4,000	1,631,024
Miscellaneous income	2,537,976	1,915,383
Total revenues	64,729,820	52,146,691
Expenses:		
Cost of operations	3,446,104	1,938,829
Program services:		
Production expenses	3,094,700	1,165,439
Engineering expenses	15,620,035	6,128,164
Programming expenses	5,313,856	10,916,683
Total program services	24,028,591	18,210,286
Support services:		
General and administrative expenses	12,059,130	12,775,649
Direct mail expenses	3,867,915	3,807,877
Total support services	15,927,045	16,583,526
Designated projects (reserved)	2,177,880	1,587,018
Total expenses	45,579,620	38,319,659
Excess of revenues over expenses	19,150,200	13,827,032
Fund balance, beginning	114,753,098	101,002,293
Prior period adjustments	125,000	(76,227)
Fund balance, ending	$ 134,028,298	$ 114,753,098

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See Accompanying Notes to Financial Statements.

TRINITY BROADCASTING NETWORK AND AFFILIATES
Combined Statements of Cash Flows

Years Ended December 31, 1990 and 1989

	1990	1989
Cash flows from operating activities:		
Excess of revenues over expenses	$ 19,150,200	$ 13,827,032
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation and amortization	6,163,254	4,524,031
Provision for losses on receivables	33,163	390,000
Write-off of accrued interest income	-	653,433
Gain on sale of assets	-	(1,392,742)
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	904,001	(460,715)
Increase in inventory	(6,676,842)	-
Increase in accounts payable and accrued expenses	1,896,789	546,716
(Increase) decrease in prepaid expenses	2,419,958	(793,957)
Increase in other assets	(5,000)	(1,018,762)
Total adjustments	4,735,323	2,448,004
Net cash provided by operating activities	23,885,523	16,275,036
Cash flows from investing activities:		
Capital expenditures for property, plant, equipment and broadcast rights	(16,001,336)	(15,725,636)
Increase in notes receivable	(2,430,214)	(2,430,214)
Increase in investments	-	(2,678,849)
Purchase of program series	-	(465,000)
Proceeds from sale of property	-	1,572,500
Net cash used in investing activities	(18,431,550)	(19,154,159)
Cash flows from financing activities:		
Increase in amounts due from affiliates	(3,982,436)	(337,571)
Increase (decrease) in amounts due to affiliates	3,462,571	(485,132)
Issuance of air time	409,037	-
Decrease in trust liability	(8,384)	-
Principal payments on long-term debt	(1,000,000)	(402,297)
Net cash used for financing activities	(1,119,212)	(1,225,000)
Net increase (decrease) in cash and cash equivalents	4,334,761	(4,104,123)
Cash and cash equivalents at beginning of year	11,258,487	15,362,610
Cash and cash equivalents at end of year	$ 15,593,248	$ 11,258,487

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See Accompanying Notes to Financial Statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Production and Air Time Cost-Sharing

Revenue from production cost-sharing is recognized when the production effort has been completed while revenue from air time cost-sharing is recognized when the contracted program has been broadcast.

Investments

Donated investments are stated at estimated fair market values at the dates of donation, which approximates current market value.

Organization

Trinity Broadcasting Network and Affiliates (TBN) have organized for the purpose of engaging in religious Christian broadcasting activities. TBN has received notices of exemption from Federal and State income taxes as a non-profit and charitable entity.

The following organizations are included in these financial statements:

Name	Relationship
Trinity Christian Center of Santa Ana, Inc. (TCC)	Management organization
Trust Accounts	Division of TCC
International Christian Missions	International Affiliates
TB of Greensboro, North Carolina	Division of TCC
TB of Canton, Ohio	Division of TCC
TB of Arizona, Inc.	Affiliate of TCC
TB of Florida, Inc. (TBF)	Affiliate of TCC
Trinity Towers, Inc.	Affiliate of TBF
TB of New York, Inc.	Affiliate of TCC
Planck Technical Services, Inc.	Subsidiary of TCC
TB of Monroe, Georgia	Division of TCC
TB of Oklahoma, Inc.	Affiliate of TCC
TB of Washington, Inc.	Affilite of TCC
TB of Denver, Inc.	Affiliate of TCC
TB of Indiana - Bloomington	Division of TBI
TB of Indiana, Inc. (TBI)	Affiliate of TCC
TB of Texas, Inc.	Affiliate of TCC
Trinity Christian Center of San Marcos, Inc.	Division of TCC
Trinity Films, Inc.	Affiliate of TCC
?.A.L.A.C., Inc.	Affiliate of TCC
tah Radio	Division of TCC

Trinity Broadcasting Network is a registered dba for Trinity Christian Center of Santa Ana, Inc. 54717

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Amortization

Amortization is provided for using the staight-line method over forty years for broadcasting license and five years for satellite rights.

NOTE B - CONTRIBUTIONS - RESERVED AND UNRESERVED

Contributions are recognized when cash or other assets are received. Donated assets are generally reflected in the accompanying financial statements at their estimated fair market values at the date of receipt. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Such restrictions are viewed by management as moral commitments to spend such contributions as designated by the donors.

'OTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost. Donated assets are generally reflected at their estimated fair market values at the dates of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterments are capitalized.

At December 31, 1990 and 1989, property, plant and equipment consisted of the following:

	1990	1989
Land and improvements	$ 12,623,953	$ 6,982,128
Buildings and leasehold improvements	19,814,070	18,556,804
Equipment and studio sets	64,555,013	61,051,358
Furniture and fixtures	1,716,511	1,603,169
Total property, plant and equipment	98,709,547	88,193,459
Less accumulated depreciation	(29,980,216)	(24,727,168)
Net property, plant and equipment	$ 68,729,331	$ 63,466,291

TRINITY BROADCASTING NETWORK AND AFFILIATES
Notes to Combined Financial Statements, Continued

December 31, 1990 and 1989

NOTE D - INVENTORY

At December 31, 1990 and 1989, inventory consisted of the following:

	1990	1989
Films released	$ 6,641,042	$ -
Miscellaneous	35,800	-
	$ 6,676,842	$ -

NOTE E - LONG-TERM DEBT

	1990	1989
Long-term debt consists of a note payable to a corporation for transportation equipment, secured by equipment and an irrevocable bond by letter of credit with payments of $500,000 due every six months beginning May 31, 1990	$ 1,000,000	$ 2,000,000
Less current portion	(1,000,000)	(1,000,000)
Long-term debt excluding current portion	$ -	$ 1,000,000

NOTE F - TRUST LIABILITIES

TBN is a recipient of funds under revocable trust agreements to which TBN pays interest on the funds to the donor but has a remainder interest in the principal amount.

NOTE G - PRIOR PERIOD ADJUSTMENT

For year ended December 31, 1989, the prior period adjustment consists of the following:

Amounts written off prior to January 1, 1989, that were part of the acquisition cost of the Canton, Ohio, and Greensboro, North Carolina, stations	$ 70,773
Income that was unearned as of December 31, 1989, that was recognized as revenue prior to January 1, 1989	(147,000)
	$ (76,227)

The prior period adjustment for year ended December 31, 1990, is an adjustment for over-accrual of liabilities at December 31, 1989.

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DUPLICATE

Goodrich, Goodyear & Hinds
An Accountancy Corporation

Independent Auditors' Report

The Board of Directors
Trinity Broadcasting - North Carolina
(A Division of Trinity Christian Center
of Santa Ana, Inc.)
Tustin, California

We have audited the accompanying balance sheet of Trinity Broadcasting - North Carolina (a Division of Trinity Christian Center of Santa Ana, Inc.) as of December 31, 1990, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Broadcasting - North Carolina (a Division of Trinity Christian Center of Santa Ana, Inc.) as of December 31, 1990, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Goodrich, Goodyear & Hinds

July 23, 1991

026341

Federal Communications Commission

93-75 366

AMB

DEC 03 1993

Disposition

DEC 03 1993

Reporter A. Williams

Date DEC 03 1993

TRINITY BROADCASTING - NORTH CAROLINA
(A DIVISION OF TRINITY CHRISTIAN CENTER OF SANTA ANA, INC.)
Balance Sheet

December 31, 1990

ASSETS

Current assets:		
Cash		$ (5,718)
Accounts receivable		97,753
Total current assets		92,035
Property, plant and equipment (less accumulated depreciation of $268,232)		610,818
Broadcasting license (less accumulated amortization of $77,556)		848,408
		$ 1,551,261

LIABILITIES AND FUND BALANCE

Current liabilities:		
Accounts payable and accrued expenses		$ 11,132
Total current liabilities		11,132
Due to affiliates		814,041
Total liabilities		825,173
Fund balance:		
Reserved	$ 681	
Unreserved	725,407	
Total fund balance		726,088
		$ 1,551,261

See Accompanying Notes to Financial Statements.

026342

TRINITY BROADCASTING - NORTH CAROLINA
(A DIVISION OF TRINITY CHRISTIAN CENTER OF SANTA ANA, INC.)
Statements of Revenues, Expenses and Changes in Fund Balances

Year Ended December 31, 1990

Revenues:		
Contributions - Reserved and unreserved		$ 287,734
Telecasting and production-cost sharing		377,382
Miscellaneous income		12,779
Total revenues		677,895
Expenses:		
Program services:		
Production expenses	$ 21,136	
Engineering expenses	182,508	
Programming expenses	37,341	
Total program services		240,985
Support services:		
General and administrative expenses	148,296	
Total support services		148,296
Designated projects (reserved)		2
Total expenses		389,283
Excess of revenues over expenses		288,612
Fund balance, beginning		437,476
Fund balance, ending		$ 726,088

See Accompanying Notes to Financial Statements.

026343

TRINITY BROADCASTING - NORTH CAROLINA
(A DIVISION OF TRINITY CHRISTIAN CENTER OF SANTA ANA, INC.)
Statement of Cash Flows

Year Ended December 31, 1990

Cash flows from operating activities:		
Excess of revenues over expenses		$ 288,612
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation	$ 86,263	
Changes in current assets and liabilities:		
Decrease in accounts receivable	1,521	
Increase in accounts payable and accrued expenses	6,707	
Total adjustments		94,491
Net cash provided by operating activities		383,103
Cash flows from investing activities:		
Capital expenditures for property and equipment	(7,001)	
Net cash used in investing activities		(7,001)
Cash flows from financing activities:		
Increase in amounts due from affiliates	(377,981)	
Net cash used by financing activities		(377,981)
Net decrease in cash and cash equivalents		(1,879)
Cash and cash equivalents, beginning		(3,839)
Cash and cash equivalents, ending		$ (5,718)

See Accompanying Notes to Financial Statements.

026344

TRINITY BROADCASTING - NORTH CAROLINA
(A DIVISION OF TRINITY CHRISTIAN CENTER OF SANTA ANA, INC.)
Notes to Financial Statements

December 31, 1990

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Production and Air Time Cost-Sharing

Revenue from production cost-sharing is recognized when the production effort has been completed while revenue from air time cost-sharing is recognized when the contracted program has been broadcast.

Investments

Donated investments are stated at estimated fair market values at the dates of donation, which approximates current market value.

Organization

Trinity Broadcasting - North Carolina (a Division of Trinity Christian Center of Santa Ana, Inc.) (TB-NC) and its affiliates have organized for the purpose of engaging in religious Christian broadcasting activities. TB-NC has received notices of exemption from Federal and State income taxes as a non-profit and charitable entity. TB-NC consists of WLXI-TV, Channel 61.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE B - CONTRIBUTIONS - RESERVED AND UNRESERVED

Contributions are recognized when cash or other assets are received. Donated assets are generally reflected in the accompanying financial statements at their estimated fair market values at the date of receipt. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Such restrictions are viewed by management as moral commitments to spend such contributions as designated by the donors.

The excess of reserve contributions over designated expenses are reflected in the fund balance as Reserve Funds.

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost. Donated assets are generally reflected at their estimated fair market values at the dates of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from eight to forty-five years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterments are capitalized.

At December 31, 1990, property, plant and equipment consisted of the following:

Land and improvements	$ 6,156
Buildings and leasehold improvements	97,114
Equipment and studio sets	696,325
Furniture and fixtures	14,350
Tower and antenna	65,105
	879,050
Less accumulated depreciation	(268,232)
Net property, plant and equipment	$ 610,818

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SPECIAL MEETING
of
TRINITY CHRISTIAN CENTER
of
SANTA ANA, INC.

A special meeting of the Board of Directors was held on August 14, 1991 at Newport Beach, California.

The Board considered the possibility of acquiring the assets of Channel 59 in Denver, Colorado. The President explained that it would be possible to use our present studio facility and tower site for the operation of Channel 59.

It was then moved, seconded and passed by unanimous vote that the officers of this corporation be authorized and empowered to negotiate the purchase of the assets of their choice used in the operation of Channel 59 for an amount that shall not exceed Two Million Dollars ($2,000,000.00).

The Board of Directors then considered a loan to National Minority T.V., Inc. in the amount of Three Million Six Hundred Thousand ($3,600,000.00) for the acquisition of a television station in Wilmington, Delaware. It was moved, seconded and passed that the corporate officers be authorized and empowered to loan Three Million Six Hundred Thousand Dollars ($3,600,000.00) to National Minority T.V., Inc. upon such terms and with such security as the officers deem appropriate.

The board then considered the purchase of improved real property in Grand Rapids, Michigan. The land is currently being used for the operation of Channel 54 and consists of 26 acres. A studio and office building, as well as a broadcast tower are located on the property.

The property would be acquired on the condition that the F.C.C. grant permission for transfer of the license to operate Channel 54 to Tri-State. At the present time an agreement for the acquisition of the assets related to Channel 54 has not been entered.

It was then moved, seconded and passed that the corporate officers be authorized and empowered to acquire the improved real property used in the operation of Channel 54, Grand Rapids, Michigan consisting of approximately 26 acres and that the corporate officers be authorized to lease such real property to Tri-State Christian Television on such terms and conditions that they deem to be in the best interests of the corporation.

It was further resolved that the corporate officers be authorized to loan such funds as may be required for Tri-State Christian Television to acquire the personal property and intangible assets used in the current operation of Channel 54 in Grand Rapids, Michigan upon such terms and conditions as the

Federal Communications Commission

Docket No. 93-75 Exhibit No. 367

Presented by MMB DEC 03 1993

Disposition Identified DEC 03 1993

Received

Rejected

Reporter

Date DEC 03 1993

officers deem to be in the best interests of the corporation.

It was further resolved that the the total amount to be invested in such real property and loaned to Tri-State Christian Television, Inc. be limited to One Million Five Hundred Dollars ($1,500,000.00).

The meeting then adjourned.

Dated: 8/19/91

Norman G. Juggert, Secretary

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SECURED PROMISSORY NOTE

$4,000,000.00 AUGUST 23, 1991

1. FOR VALUE RECEIVED, National Minority T.V., Inc., a California nonprofit corporation (herein "Debtor"), promises to pay to Trinity Christian Center of Santa Ana, Inc., dba Trinity Broadcasting Network, a California nonprofit corporation (herein "Creditor"), the sum of FOUR MILLION DOLLARS ($4,000,000.00), plus interest accruing at the rate of Five percent (5%) per annum, in one hundred twenty (120) monthly payments, beginning with Dec 15, 1991 and ending Nov 15, 2001, with any unpaid balance of principal and interest to be paid in full to Creditor by Debtor on Nov 15, 2001. Each of the monthly payments to be made by Debtor to Creditor shall be equal to Thirty Percent (30%) of the identifiable, and unrestricted and undesignated donations and contributions received by Creditor from the zip code area within the service contours of Debtor Wilmington, Delaware. If Debtor's payment in any month is insufficient to cover the then due principal and interest, then any deficit shall be added back to the principal and accrue interest at the rate of Five percent (5%) per annum.

2. This Note is evidence of an indebtedness associated with the purchase of the tangible assets and equipment of television station WTGI, Wilmington, Delaware by Debtor.

This Note is secured by the following as Creditor's security

Federal Communications Commission

Docket No. 93-75 Exhibit No. 368

Presented by MMB

Disposition
- Identified 12-3-93
- Received 12-3-93
- Rejected

Reporter [illegible]

Date 12-3-93

for payment of said indebtedness (hereinafter "Collateral"):

(a) The assets, equipment and material, deposits, accounts and the additional assets, equipment and material, deposits and accounts which Debtor has acquired, or hereafter acquires, for the construction and/or operation of station WTGI, Wilmington, Delaware; and

(b) Security Agreements and Financing Statements of even date.

3. Should Debtor fail to pay this Note as the same becomes due and payable in accordance with Paragraph 1 of this Note, then Creditor may sell, liquidate or draw down all or any part of the collateral with ten (10) days written notice to Debtor. Any late payments hereunder shall also bear interest at the rate of Five Percent (5%) per annum from the date due until the date paid to Creditor.

4. Should Debtor fail to pay this Note as any installment becomes due and payable in accordance with Paragraph 1 of this Note, or if Debtor defaults as described in Paragraph 7, then Creditor can sell all or any part of the Collateral on an open market through a broker or at public or private sale. Creditor may purchase the Collateral at such sale, free of any claims that Debtor may have on it. Creditor may also take any and all other

action, without limitation, it may deem appropriate in the event of a default or breach by Debtor.

5. The proceeds derived from a sale of the Collateral shall be distributed as follows:

(a) The proceeds shall first be applied to the costs and expenses of selling the Collateral and collecting the proceeds, including, but not limited to, legal fees and expenses, as well as commissions due to any broker;

(b) The remaining proceeds shall then be used to pay Creditor the sum due and payable on this Note; and

(c) Should there by any balance remaining after this Note has been paid, the balance shall be turned over to Debtor.

6. If, after the collateral has been sold, liquidated or drawn down, and the proceeds distributed in accordance with Paragraph 5, and the entire amount due on the Note has not been paid to Creditor, Debtor shall be liable to Creditor for the deficit.

7. Any of the following occurrences shall be deemed a default, or an event of default;

(a) The making of any misrepresentation by Debtor to Creditor for the purpose of obtaining credit or an extension of credit;

(b) The calling of a meeting of Debtor's creditors;

(c) The appointment of a committee of Debtor's creditors;

(d) The making of an assignment for the benefit of the Debtor's creditors;

(e) The filing of a voluntary or involuntary petition for bankruptcy or the appointment of a receiver of Debtor's property;

(f) The filing of a voluntary petition by or an involuntary petition against Debtor under any provision of the Federal Bankruptcy Act;

(g) The issuance of a warrant of attachment or the distraining of any of Debtor's property;

(h) The issuance of a notice of tax lien against Debtor or Debtor's property;

(i) The dissolution of Debtor's business;

(j) The making of a bulk sale by Debtor or the giving of notice of intent to do so;

(k) The suspension or liquidation of Debtor's usual business;

(l) Any default in the payment of this Note when and as due and payable which is not cured within ten (10) days after written notice hereof;

(m) Any action taken by the Federal Communications Commission which results in the expiration, denial or revocation of the construction permit or license held by Debtor for WTGI, Wilmington, Delaware; and

(n) Any sale, assignment or transfer of the licenses for WTGI, Delaware, New York, issued by the Federal Communications Commission, by Debtor to any third party, or any change in the control of Debtor's board of directors (as defined by the FCC) from its current state of directors.

Should a default or an event of default occur, Creditor, or the holder of this Note, may at its option declare the entire sum immediately due and payable without further demand or notice to Debtor, and the entire unpaid balance of this Note shall be and become immediately due and payable without any presentment, demand, protest or other notice of any kind (all of which Debtor hereby expressly waives).

8. No delay or omission the part of Creditor, or the holder of this Note, in exercising any right(s) hereunder shall operate as a waiver of such right(s) hereunder shall operate as a waiver of such right(s) or of any other right(s) of such holder, nor shall

any delay, omission or waiver on any occasion be deemed a waiver of the same or any other right(s) on any future occasion. The Debtor shall pay on demand all costs and expenses of collection, including attorney's fees and expenses, incurred or paid by Creditor or the holder of this Note in enforcing this Note on default.

9. No single or partial exercise of any right or power hereunder shall preclude any other or future exercise of that right or power or the exercise of any other right or power.

10. Debtor and Creditor agree that the rights and obligations of the parties hereto, including construction, validity and performance, shall be governed by the laws of the State of California.

11. The provisions of this Note are hereby declared to be severable and if any provision or other application of such provision to any person, entity, or circumstance shall be held to be invalid, such invalidity shall not be construed to affect the validity of any of the remaining provisions of this Note.

12. Debtor has the right to prepay this Note in part or in full at any time without penalty.

13. Presentment, protest and notice are hereby waived. Each party liable hereon, whether as Debtor, endorser or guarantor, hereby further:

(a) Waives any defenses based upon, and specifically